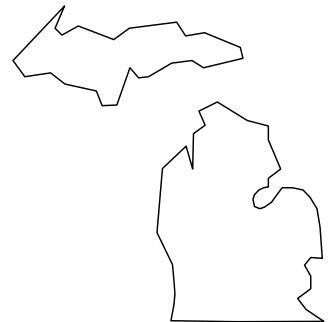


DEPARTMENT OF COMMUNITY HEALTH

BUREAU OF HEALTH SYSTEMS

FOLLOW-UP REVIEW

Michigan Department of Community Health
Office of Audit
Special Audits, Review and Compliance Section





JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
OFFICE OF AUDIT
400 S. PINE; LANSING, MI 48933

JANET OLSZEWSKI
DIRECTOR

February 23, 2006

Ms. Janet D. Olszewski, Director
Department of Community Health
Capitol View Building, 7th Floor
201 Townsend Street
Lansing, Michigan 48933

Dear Ms. Olszewski:

This is our report on the results of our follow-up review of the findings and recommendations contained in the Office of the Auditor General's Performance Audit of the Bureau of Health Systems.

This report contains an introduction; background information; review scope and methodology; and follow-up conclusions.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

A handwritten signature in black ink, reading "James B. Hennessey".

James B. Hennessey, Director
Office of Audit
Internal Auditor

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BUREAU OF HEALTH SYSTEMS
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**BUREAU OF HEALTH SYSTEMS
DEPARTMENT OF COMMUNITY HEALTH
FOLLOW-UP REVIEW**

INTRODUCTION

This special report contains the results of our follow-up review of the findings and recommendations reported in the Office of the Auditor General (OAG) Performance Audit of the Bureau of Health Systems (BHS) for the period October 1, 2001 through October 31, 2003. The OAG Audit was performed while the BHS was located within the Department of Consumer and Industry Services (CIS). However, the Governor, through Executive Order No. 2003-18, transferred BHS to the Department of Community Health (DCH), effective December 7, 2003. The OAG audit report contained 5 findings and 7 corresponding recommendations. DCH's preliminary responses indicated that it concurred with all of the findings.

PURPOSE OF REVIEW

The purpose of this follow-up review was to determine whether DCH had taken appropriate steps to implement the recommendations related to these findings.

BACKGROUND

The BHS is divided into four divisions. The Division of Licensing and Certification seeks to protect the health and safety of individuals receiving care in health care facilities through the performance of facility surveys and inspections. The Division of Operations is responsible for the receipt and investigation of nursing home residents' complaints and facility-reported incidents involving serious injury or harm; for referral of non-long-term care complaints for investigation; for development, processing, and coordination of enforcement actions undertaken by BHS in the performance of its regulatory functions; for data management; and for staff training. The Division of Health Facilities and Services is divided into three sections. The Health Facilities Evaluation Section conducts physical plant evaluations. The Emergency Medical Services Section is responsible for annually licensing approximately 800 medical first responder and life support agencies

and approximately 2,700 life support vehicles in accordance with Sections 333.20901 – 333.20979 of the Michigan Compiled Laws. Also, the Section approves local medical control authorities, i.e., the hospitals or groups of hospitals that provide community-based pre-hospital emergency care oversight. Each county or group of counties is required to have a medical control authority, which is responsible for establishing policies, procedures, and protocols detailing how pre-hospital care will be carried out within the geographic area. The Radiation Safety Section is responsible for annually registering approximately 26,000 x-ray machines used in about 9,800 medical and non-medical radiation facilities in accordance with Sections 333.13501 – 333.13536 of the Michigan Compiled Laws. The Section conducts periodic radiation safety inspections at all registered facilities to ensure protection of patients, employees, and the public from unnecessary radiation exposure. The Division of Nursing Home Monitoring is responsible for the survey, investigation, assessment, and evaluation of long-term health care facilities to verify compliance with Medicare/Medicaid certification and State licensure requirements.

REVIEW SCOPE AND METHODOLOGY

Our review procedures were of limited scope; therefore they should not be considered an audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

Our review procedures were performed during August and September of 2005, and included an examination of updates made to the databases as well as interviews with applicable BHS staff.

FOLLOW-UP REVIEW RESULTS

1. Monitoring of Licensed Health Care Facilities

BHS did not sufficiently survey or inspect hospices, free standing surgical outpatient facilities (FSOFs), substance abuse treatment programs, and hospice residences. Also, BHS had not established formal policies and procedures to effectively prioritize and schedule required surveys and inspections of licensed health care facilities.

Recommendation

BHS sufficiently survey or inspect hospices, FSOFs, substance abuse treatment programs, and hospice residences. BHS establish formal policies and procedures to effectively prioritize and schedule required surveys and inspections of licensed health care facilities.

DCH Preliminary Response

BHS agreed with the finding and both recommendations. In their preliminary response BHS management stated that they had increased staffing levels and were meeting the statutorily required licensing requirements. BHS also indicated that it would update policies and procedures to reflect scheduling priorities for the survey of these facilities by March 2005. Finally, BHS indicated that a self-evaluation inspection form was sent to each FSOF for them to self assess their compliance with State statutes.

Follow-up Review Conclusion

BHS has not complied with this recommendation.

BHS indicated they currently do not have sufficient staff to survey or inspect all hospices, FSOF, substance abuse treatment programs, and hospice residences. Subsequent to our field work we were informed that they are in the process of filling four vacant positions to address this deficiency.

As of September 2005 BHS had not established policies and procedures to prioritize and schedule required surveys and inspections of licensed health care facilities. Subsequent to completion of our fieldwork BHS staff provided us with procedures they've developed to prioritize and schedule surveys and inspections of FSOFs and indicated they are in the process of developing similar procedures for substance abuse treatment programs, hospice and hospice residence programs. We were informed it is their intent to complete inspections in order of age (oldest to most recent) with the intent to complete surveys and inspections on a timely basis in the future.

BHS indicated the self-evaluations were a one-time process and will not routinely be part of the normal evaluation process in the future.

2. Data Systems

BHS's Care*Net data system and substance abuse computer information data system contained inaccurate information.

Recommendation

BHS ensure that its Care*Net data system and substance abuse computer information data system contain accurate information.

DCH Preliminary Response

BHS agreed with the finding and corresponding recommendation. BHS indicated that procedures were implemented to ensure that data entered into the Care*Net and substance abuse computer information data system is accurate.

Follow-up Review Conclusion

BHS has partially complied with this recommendation.

BHS no longer uses the Care*Net data system to track surveys. BHS now uses a federal database called ASPEN Central Office (ACO). We selected 13 surveys conducted between 10/1/2004 and 9/1/2005 to verify the accuracy of the data being entered into the ACO system. While we did not find instances of completed

surveys that had not been entered in the system, we did find one instance out of the 13 surveys we reviewed, where the wrong survey date was entered in the system. This is an improvement from the error rate noted in the OAG audit report.

The substance abuse data system is designed so that a date must be entered for an on-site visit even if the review was a desk audit. There is no field in the substance abuse data system for desk audits. This appears to be why there would be desk audit dates entered in the system as on-site visits. There has been no correction made to the system to rectify the problem noted in the OAG audit.

3. Licensing of Clinical Laboratories

BHS had not assessed all clinical laboratories to determine if they fall under State licensing requirements.

Recommendation

BHS assess all clinical laboratories to determine if they fall under State licensing requirements and license clinical laboratories, as required by State law. BHS obtain amendatory legislation to modify State licensing requirements to allow for reliance on federal clinical laboratory certification procedures, if such certification fulfills State licensing requirements.

DCH Preliminary Response

BHS agreed with the finding and both recommendations. BHS stated that it does not have the ability under the current environment to assess all of the clinical laboratories to determine if they fall under State licensing requirements. BHS also indicated they would renew efforts to have the State licensure laws rescinded and would initiate this action immediately.

Follow-up Review Conclusion

BHS has not complied with this recommendation.

BHS maintained that the federal Clinical Laboratory Improvement Amendments of 1988 (CLIA) are significantly more comprehensive than State licensure

requirements. As of September 2005, BHS has not drafted any language for the Attorney General in an effort to have the licensure laws rescinded, although it is still their intention to do so. BHS provided us with a copy of a January 2006 memo requesting that the DCH Office of Legislative Affairs consider proposing appropriate changes to the CLIA statutory requirements. Until those laws are rescinded they do not have the staff to assess all of the clinical laboratories.

4. Assessment of Emergency Medical Services

BHS has not established a process to assess the need for and quality of Emergency Medical Services (EMS) throughout the State, as required by State law.

Recommendation

BHS establish a process to assess the need for and quality of EMS throughout the State, as required by State law.

DCH Preliminary Response

BHS agreed with the finding and the recommendation. The Emergency Medical Services Section currently has a pre-hospital data task force looking at all the data elements that must be included into its design. BHS indicated that the project has been slow to materialize due to staffing and funding availability at the State level.

Follow-up Review Conclusion

DCH has initiated corrective action and has substantially complied with this recommendation.

During our review we learned that a software program, MerMaid (Michigan Emergency Records Management and Information Database), has been developed that incorporates the National Highway Traffic Safety Administration requirements as well as requirements specific to Michigan. DCH has contracted with a consultant (Michigan State University / Kalamazoo Center for Medical Studies) and has implemented MerMaid on a pilot basis. The system has been operating in 38 counties for 18 months. It is their goal to have the program fully operational by January of 2007. Although the process for assessing the need for and quality of

EMS throughout the State has not been fully implemented at this time, BHS is taking appropriate steps to implement a data collection system that will meet statutory requirements.

5. Registration of Radiation Machines

BHS needs to improve its controls to ensure that radiation machines are properly registered and monitored as required by the Michigan Administrative Code.

Recommendation

BHS improve its controls to ensure that radiation machines are properly registered and monitored as required by the Michigan Administrative Code.

DCH Preliminary Response

While BHS agreed with the finding and the recommendation in general, BHS stated that it simply did not have the resources to verify the registration of each new machine. All facilities receive periodic inspections. At the time of these inspections unregistered machines would be discovered, thus no machines remain unregistered for more than five years, with most being discovered much sooner.

Follow-up Review Conclusion

BHS reports that workload concerns with this recommendation have not changed since the initial audit findings and its response to the initial recommendation is unchanged. BHS has assessed the staffing required to register each new machine and concluded current staffing levels are inadequate to meet this requirement.

BHS advises it remains cognizant of the recommendation and will assess as part of the development of its annual spending plan its ability to meet the recommendation, but does not realistically expect to receive general funds or fee increases to permit additional staffing for this purpose.